

Message Text

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ACTION STR-08

INFO OCT-01 EUR-25 EA-11 ADP-00 IO-13 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01

RSR-01 /194 W

----- 117342

R 010800Z SEP 73 ZEL

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5013

INFO AMEMBASSY TOKYO

USEC BRUSSELS 144

UNCLAS PRAGUE 2066

E.O. 11652: N/A

TAGS: GATT, ETRD, CZ

SUBJ: GATT TOKYO MINISTERIAL MEETING ON MULTILATERAL
TRADE NEGOTIATIONS

REF: STATE 159293

1. ACCORDING TO OFFICIAL OF MINISTRY OF FOREIGN TRADE,
GOC DELEGATION TO SUBJECT MEETING NOT YET NAMED. MINISTRY
AGREED INFORM EMBASSY WHEN COMPOSITION OF DELEGATION
KNOWN.

2. AS DEPARTMENT AWARE (BUT FOR BACKGROUND OF U.S. DEL.)CZECHOSLOVAKIA

ALONE AMONG EASTERN EUROPEAN COUNTIRES IS CONTRACTING PARTY TO
GATT. THEREFORE, CZECHOSLOVAKIA WAS ONLY COUNTRY IN SOVIET BLOC
TO WHICH US HAD BEEN COMMITTED TO GRANT MFN TREATMENT UNDER
GATT WHEN TRADE AGREEMENT EXTENSION ACT OF 195 BECAME
LAW. ACTING UNDER THIS PROVISION OF LAW, USG IN MID-1951
REQUESTED GATT CONTRACTING PARTIES TO APPROVE ITS INTENTION
TO WITHDRAW TRADE AGREEMENT CONCESSIONS (I.E., MFN) FROM
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CZECHOSLOVAKIA. ON SEPTEMBER 27, 1951, A MAJORITY OF

CONTRACTING PARTIES AGREED TO A DECLARATION WHICH STATED THAT U.S. AND CZECHOSLOVAKIA SHOULD BE FREE TO SUSPEND, EACH WITH RESPECT TO OTHER, THEIR OBLIGATIONS UNDER GATT. ACCORDINGLY, USG SUSPENDED MFN TREATMENT TO CZECHOSLOVAKIA ON NOVEMBER 1, 1951.

3. ALTHOUGH FOR OBVIOUS REASONS ISSUE WAS MUTED FOR SEVERAL YEARS THEREAFTER, IN RECENT YEARS WITH PROSPECTS OF WIDER TRADE CONTACTS BETWEEN EAST AND WEST BECOMING FACT AS WELL AS PROMISE, GOC OFFICIALS HAVE INCREASINGLY TAKEN UP OLD LINE THAT USG HAS DISCRIMINATED AGAINST CZECHOSLOVAKIA IN CONTINUING TO WITHHOLD MFN TREATMENT WHEN PROVISIONS OF GATT, OF WHICH CZECHOSLOVAKIA STILL A MEMBER, CLEARLY CALL FOR THIS TRADE CONCESSION. CZECH OFFICIALS ARE KEEN TO POINT OUT THAT CZECHOSLOVAKIA'S ADHERANCE TO ARTICLES OF GATT HAS BEEN SCRUPULOUS, EVEN TO MAINTENANCE IN SEVERAL CASES OF MFN TARIFF RATES ON IMPORTS FROM U.S. IN FACT, ALTHOUGH TARIFFS (OR CUSTOMS CHARGES, AS THEY ARE CALLED HERE) PERSE ARE NOT A DECISIVE OR EVEN SIGNIFICANT FACTOR AFFECTING IMPORTS OF FOREIGN GOODS INTO CZECHOSLOVAKIA (DEPUTY DIRECTOR OF CZECHOSLOVAK CENTRAL CUSTOMS ADMINISTRATION RECENTLY TOLD EMBOFF THAT CZECHOSLOVAK TARIFF RATES ARE VERY LOW, AVERAGING FIVE OR SIX PERCENT BY VALUE ACROSS THE BOARD), IT DOES APPEAR THAT ALTHOUGH CZECHS HAVE CHARGED HIGHER "CUSTOMS CHARGES" ON MOST GOODS IMPORTED FROM U.S. SINCE NOVEMBER 1951, THEY HAVE NOT DONE SO ON ALL.

4. GIVEN STRUCTURE OF CZECHOSLOVAK FOREIGN TRADE ORGANIZATIONS AND GENERALLY HIDDEN CHARACTER OF CUSTOMS CHARGES ON INDIVIDUAL ITEMS OF TRADE, IT WOULD BE NEARLY IMPOSSIBLE TO CONFIRM OR REBUT CZECHOSLOVAK CLAIMS RE INTERNAL TARIFF PRACTICES. HOWEVER, U.S. DELEGATION MAY EXPECT THIS ISSUE TO BE RAISED IN CONVERSATIONS WITH U.S. DELEGATION WHENEVER SUITABLE OCCASION ARISES, MOST LIKELY OUTSIDE OF MEETING.

5. U.S. DELEGATION SHOULD ALSO BE AWARE THAT NEGOTIATIONS FOR SETTLEMENT LONG-STANDING GOLD AND PROPERTY CLAIMS BETWEEN CZECHOSLOVAKIA AND U.S. ARE TO BEGIN IN
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PRAGUE ON SEPTEMBER 10. CZECHOSLOVAK DELEGATION TO GATT MINISTERIAL MAY ALSO ATTEMPT LINKING SATISFACTORY RESOLUTION OF THESE ISSUES TO EARLY RESTORATION BY U.S. OF MFN TREATMENT TO CZECHOSLOVAKIA. OBVIOUSLY, MEMBERS OF U.S. DELEGATION SHOULD TURN ASIDE ANY DISCUSSION ON THIS POINT.
WORTZEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PRAGUE02066
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: PRAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730958/aaaabqoh.tel
Line Count: 114
Locator: TEXT ON-LINE
Office: ACTION STR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 159293
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Aug-2001 by reddocgw>; APPROVED <28 FEB 2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GATT TOKYO MINISTERIAL MEETING ON MULTILATERAL TRADE NEGOTIATIONS
TAGS: ETRD, CZ, GATT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005